

## DETAILED ACTION

### ***Applicant Admitted Prior Art***

1. Per MPEP 2129 - I, Applicant admitted prior art exists in the background section of Applicant's specification. Such admissions are valid as prior art references for claimed subject matter.

#### **2129 Admissions as Prior Art [R-6]**

##### **I. ADMISSIONS BY APPLICANT CONSTITUTE PRIOR ART**

A statement by an applicant >in the specification or made< during prosecution identifying the work of another as "prior art" is an admission \*\*>which can be relied upon for both anticipation and obviousness determinations, regardless of whether the admitted prior art would otherwise qualify as prior art under the statutory categories of 35 U.S.C. 102. *Riverwood Int'l Corp. v. R.A. Jones & Co.*, 324 F.3d 1346, 1354, 66 USPQ2d 1331, 1337 (Fed. Cir. 2003); *Constant v. Advanced Micro-Devices Inc.*, 848 F.2d 1560, 1570, 7 USPQ2d 1057, 1063 (Fed. Cir. 1988).

In the instant case, the examiner cited Applicant's admissions on the record in the first Office Action on the merits mailed February 16, 2007.

AAPA discloses in the specification:

- an auction market on the floor of an exchange (p. 1, II. 16-17);
- a limit order and a market order (p. 1, II. 16-17);
- price improvement potential through competition among the crowd on the market floor.(p. 1, II.18-20);
- an electronic specialist display book (p. 1, I. 22);
- an opportunity to execute an order against other electronic orders on the specialist display book (p. 1, II. 20-24);
- interest on the part of some investors and institutions in having a transaction execute at a known price (p. 1. I1.24-25);
- interest on the part of some investors and institutions in having a transaction execute at a known price while foregoing an opportunity for possible price improvement on the auction floor (p. 1. I1.24-25);

- the desirability on the part of some investors and institutions in having a transaction execute at a known price if the transaction will execute in a more timely fashion than is available with the traditional auction transaction (p. 2, I1.1-2).

### ***Claim Rejections - 35 USC § 101***

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

#### **2. Claims 12-19, 23, 24, 42-50, 54 and 87-89 are rejected under 35 U.S.C. 101**

because the claimed invention is directed to non-statutory subject matter.

Independent claims 12, 23, 24, 42 54 and 87 recite a process comprising the steps of assigning, receiving, determining, exposing, executing, comparing, changing, allocating and updating. Based on Supreme Court precedent, a proper process must be tied to another statutory class or transform underlying subject matter to a different state or thing (*Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *Cochrane v. Deener*, 94 U.S. 780,787-88 (1876)). Since neither of these requirements is met by the claim, the method is not considered a patent eligible process under 35 U.S.C. 101. To qualify as a statutory process, the claim should positively recite the other statutory class to which it is tied, for example by identifying the apparatus that accomplished the method steps or positively reciting the subject matter that is being transformed, for example by identifying the material that is being changed to a different state.

The machine-or-transformation test is a two-branched inquiry; an applicant may show that a process claim satisfies § 101 either by showing that his claim is tied to a particular machine, or by showing that his claim transforms an article. See Benson, 409 U.S. at 70. Certain considerations are applicable to analysis under either branch. First, as illustrated by Benson and discussed below, the use of a specific machine or transformation of an article must impose meaningful limits on the claim's scope to impart

patent-eligibility. See Benson, 409 U.S. at 71-72. Second, the involvement of the machine or transformation in the claimed process must not merely be insignificant extra-solution activity. See Flook, 437 U.S. at 590. (*In re Bilski*, En banc, U.S. Court of Appeals for the Federal Circuit, Washington, DC, Oct. 30, 2008).

These requirements must be present in each meaningful limitation step. *Bilski* makes it unacceptable to have such limitations in the preamble.

In the instant case, each limitation appears to have equal importance and should therefore contain the statutory component or refer to it. Further, the statutory component must more specifically be an automated programmed electronic computer or computer processor or server, since simply a computer could mean a human using a desktop computer to perform all of the steps by hand using the computer as a tool to perform all of the claimed tasks. This requirement appears now to be met by every limitation in the independent claims EXCEPT by step d) in independent method claims 12, e) in claim 23, e) in claim 24, c) in claim 42, d) in claim 54 and d) in claim 87. A human being appears to be performing this step while apparently using the computer system to access the data and then direct the next step. Performing this step through the programmed computer does not appear to have support. Applicant has admitted to this lack of support for a computer automated step regarding claim 12 limitations (a) and (d) as then on the record during an interview. The summary of this interview was mailed on October 30, 2009 and is on the record. Never the less, Applicant has amended limitation (a) of claim 12 to include a programmed computer and similarly in the other independent claims. However, Applicant has not amended claim 12 to include a programmed computer for limitation (d) of claim 12. Support for such an amendment for this limitation is lacking and has been admitted during said interview.

Please note the Board of Patent Appeals Informative Opinion *Ex parte Langemyer et al-*  
[http://iplaw.bna.com/iplw/5000/split\\_display.adp?fedid=10988734&vname=ippqcases2&wsn=500826000&searchid=6198805&doctypeid=1&type=court&mode=doc&split=0&scm=5000&pq=0](http://iplaw.bna.com/iplw/5000/split_display.adp?fedid=10988734&vname=ippqcases2&wsn=500826000&searchid=6198805&doctypeid=1&type=court&mode=doc&split=0&scm=5000&pq=0)

Applicant is advised to avoid new matter in complying with these requirements, and to refer to the locations of support in the specification when making such amendments.

***Claim Rejections - 35 USC § 112***

The following is a quotation of the first paragraph of 35 U.S.C. 112:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

**3. Claims 12-15, 17-19, 93 and 94, 23, 24, 42, 54-57 and 87-89 are rejected under 35 U.S.C. 112, first paragraph,** as failing to comply with the written description requirement. The claim(s) contains subject matter which was not described in the specification in such a way as to reasonably convey to one skilled in the relevant art that the inventor(s), at the time the application was filed, had possession of the claimed invention.

**Re. claim 12,** The specification does not appear to have support for the new amendment to claim 12, limitations (a), (b) or (c), at least for limitation (c), for the insertion of "by the programmed computer", since the specification on pages 6 and 7 specifies a human being, a clerk or a specialist, performing the step of reviewing the incoming order on a computer screen and then making a determination of which way to route the order or what action to take (by the clerk - p. 6, l. 22 – p. 7, l. 6; and alternatively, by a trading post specialist on he Exchange Floor (p. 7, ll. 7-13).

The same lack of support appears to exist for independent claims 23 ( c ) and (d), 24 ( c ) and (d), 42( c ), 54 ( c ) and 87 ( c ).

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

**4. Claims 12-15, 17-19, 93 and 94, 23, 24, 42, 54-57 and 87-89 are rejected under 35 U.S.C. 112, second paragraph,** as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. Each of the dependent claims 12, 21, 22, 23, 24, 42, 53, 54 and 87 leaves at least one conditional limitation hanging, i.e. unresolved. With claim 12 as exemplary, conditional limitation d), if activated, fails to complete a transaction for processing a round-lot securities order as required by the preamble. Each independent claim contains one or more conditional limitations which are incomplete if activated.

***Claim Rejections - 35 USC § 103***

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

**5. Claims 12-15, 17-19, 21-24, 42, 46-48, 52-57, 93 and 94 are rejected under 35 U.S.C. 103(a)** as being unpatentable over Cristofich et al. (US 6,173,270 B1, hereafter Cristofich), Applicant Admitted Prior Art (hereafter AAPA), Lupien et al. (US Patent 6,098,051, hereafter Lupien and Braddock III (US Patent 4,412,287, hereafter Braddock)

**Re. Claims 12, 20-22,** Cristofich discloses a method, executable software, computer-readable medium and a programmed computer implemented at least partially in a programmed computer for processing a securities order on a securities exchange directed at a stock option control and exercise system operated through a stock exchange.

AAPA discloses in the specification:

- an auction market on the floor of an exchange (p. 1, ll. 16-17);
- a limit order and a market order (p. 1, ll. 16-17);

Art Unit: 3695

- an auction market crowd (page 1, II. 16-24).
- price improvement potential through competition among the crowd on the market floor (p. 1, II. 18-20);
- an electronic specialist display book (p. 1, I. 22);
- an opportunity to execute an order against other electronic orders on the specialist display book (p. 1, II. 20-24);
- interest on the part of some investors and institutions in having a transaction execute at a known price (p. 1, II. 24-25);
- interest on the part of some investors and institutions in having a transaction execute at a known price while foregoing an opportunity for possible price improvement on the auction floor (p. 1, II. 24-25);
- the desirability on the part of some investors and institutions in having a transaction execute at a known price if the transaction will execute in a more timely fashion than is available with the traditional auction transaction (p. 2, II. 1-2).

Cristofich discloses a method, executable software, computer-readable medium and a programmed computer for:

- b) receiving by the programmed computer a securities order (Col. 9, I. 19-20), after receiving the execution allocation option (Col. 2, II. 32-33)
- e) automatically executing by the programmed computer, a portion of the securities order at the best bid to buy or best offer to sell as reflected in the published quote price for the security (Cristofich, Col. 9, II. 15-20).
- c) using indicators for specific transaction requests (Col. 15, I. 41. The ordinary practitioner would have seen it as obvious to have used indicators throughout the securities transaction invention, including for determining by the programmed computer, whether the securities order includes an indicator requesting automatic execution, wherein the indicator requesting automatic execution directs the single securities exchange to execute the securities order at either a best bid to buy or best offer to sell as reflected in a quote price for the security that is published by the single securities exchange and also acknowledges that the securities order will not be exposed to an

auction market crowd of the single securities exchange for possible price improvement. Performing the trades within the exchange within which the security is listed would have been the most obvious course to take for the ordinary practitioner for this invention, since it would require special instructions to motivate the practitioner to do otherwise).

Cristofich does not explicitly disclose:

- a) receiving by the programmed computer an execution allocation option for a security to allocate execution to book only;
- b) receiving a round-lot securities order for a security,
- d) if the securities order does not include the indicator requesting automatic execution, exposing the securities order to the auction market crowd of the single securities exchange for possible price improvement;
- e) if the securities order includes the indicator requesting automatic execution, not exposing the securities order for possible price improvement;
- f) after automatically executing the securities order, allocating by the programmed computer, shares of the automatic execution among contra parties according to the previously received execution allocation option.

However:

Re. b), Braddock discloses the trading of round lots (Col. 3, II. 8-10).

Re. a) Lupien discloses assigning an allocation option to book only (Col. 5, II. 55-63; Col. 11, II. 52-58; Col. 21, II. 53-57).

Re. c) Lupien discloses best bid and best ask, which is equivalent to a best bid to buy or best offer to sell (Col. 2, I. 8).

Re. d) AAPA discloses exposing the securities order to the auction market crowd of the single securities exchange for possible price improvement (Spec'n, p. 1, II. 18-20).

Further, Braddock discloses exposing the order to an auction market of the single securities exchange for possible price improvement if the securities order does not include an indicator requesting automatic execution (abstract – I. 1; Col. 1, II. 34-37).

Re. e) if the securities order includes the indicator requesting automatic execution, not exposing the securities order for possible price improvement would have been an obvious option for the ordinary practitioner to recognize, since this order instruction

Art Unit: 3695

implicitly instructs foregoing the price improvement path, since that excludes the price improvement path and other paths not involving automatic execution.

Re. f) The ordinary practitioner would have seen it as obvious to, after automatically executing the securities order, allocating by the programmed computer, shares of the automatic execution among contra parties according to the previously received execution allocation option, since this is an inherent component of any trade involving one or more contra parties when one or more contra parties are involved. Further, Lupien discloses contra parties involved in trading securities (Col. 5, ll. 61-62; Col. 12, l. 44). Therefore, an ordinary practitioner of the art at the time of Applicant's invention would have seen it as obvious to have used the disclosures of Cristofich, AAPA, Lupien and Braddock to provide a method, executable software, computer-readable medium and a programmed computer implemented at least partially in a programmed computer for automatically processing a securities order on a securities exchange directed at a stock option control and exercise system operated through a stock exchange, motivated by a desire to provide a data processing method and system for managing individual accounts directed to the transacting of securities transactions with pre-established criteria (Cristofich, Col. 2, ll. 29-33).

**Re. Claims 13-15**, Cristofich discloses wherein the securities order is a limit order (Col. 11, ll. 4-5) or a market order (Col. 10, ll. 23-25), and an execution report (Col. 10, ll. 15-17).

**Re. Claim 17**, Cristofich does not explicitly disclose at least partially fulfilling the order from a display book order. However, AAPA discloses at least partially fulfilling the order from a display book order. Therefore, an ordinary practitioner of the art at the time of Applicant's invention would have seen it as obvious to have used the disclosures of Cristofich, AAPA, Lupien and Braddock to provide a method for automatically processing a securities order on a securities exchange, including the step of at least partially fulfilling the order from a display book order, motivated by a desire to provide a data processing method and system for managing individual accounts directed to the transacting of securities transactions with pre-established criteria (Cristofich, Col. 2, ll. 29-33).

Art Unit: 3695

**Re. Claim 18,** AAPA discloses fulfilling a securities order through an auction market crowd by fulfilling the order from one's own inventory. It would have been obvious at the time of Applicant's invention to fulfill an order partially through a counter party such as potentially identified from an auction market crowd. Therefore, an ordinary practitioner of the art at the time of Applicant's invention would have seen it as obvious to have used the disclosures of Cristofich, AAPA, Lupien and Braddock to provide a method for automatically processing a securities order on a securities exchange, including the step of at least partially fulfilling the order from an auction market crowd after automatically executing the order, motivated by a desire to provide a data processing method and system for managing individual accounts directed to the transacting of securities transactions with pre-established criteria (Cristofich, Col. 2, ll. 29-33).

**Re. Claim 19,** neither Cristofich nor AAPA explicitly disclose at least partially fulfilling the order from a display book order after automatically executing the order. However, it would have been obvious to an ordinary practitioner of the art at the time of Applicant's invention to at least partially fulfill the order from a display book order (see the rejection of claim 17) after automatically executing the order (see the rejection of claim 18). Therefore, an ordinary practitioner of the art at the time of Applicant's invention would have seen it as obvious to have used the disclosures of Cristofich, AAPA, Lupien and Braddock to provide a method for automatically processing a securities order on a securities exchange, including the step of at least partially fulfilling the order from a display book order after automatically executing the order, motivated by a desire to provide a data processing method and system for managing individual accounts directed to the transacting of securities transactions with pre-established criteria (Cristofich, Col. 2, ll. 29-33).

**Re. Claim 23,** the disclosures of Cristofich, AAPA, Lupien and Braddock are contained above in the rejection of claims 12, 20-22 regarding the limitations related to the assignment of allocation options to book only, round lots, and related automatic executions and allocations and to provide a method for automatically processing a securities order on a securities exchange as discussed in the rejection of claim 12 above.

Art Unit: 3695

Further, an ordinary practitioner of the art at the time of Applicant's invention would have seen it as obvious to have used the disclosures of Braddock exposing the order to an auction market of the single securities exchange for possible price improvement if the securities order does not include an indicator requesting automatic execution (abstract – I. 1; Col. 1, II. 34-37).

Further, AAPA discloses limit orders (with sell and buy order implicit). Also, Glassman discloses the fiduciary responsibilities of securities brokers. Therefore, it would have been obvious to an ordinary practitioner of the art at the time of Applicant's invention would have seen it as obvious to have used the disclosures of Cristofich, AAPA, Lupien and Braddock to provide a method for automatically processing a securities order on a securities exchange, including limit buy or sell orders, motivated by a desire to provide a data processing method and system for managing individual accounts directed to the transacting of securities transactions with pre-established criteria (Cristofich, Col. 2, II. 29-33).

**Re. Claim 24.** Please see the rejection of claims 12, 20-22 regarding the rejection of limitations related to the assignment of allocation options to book only, round lots, and related automatic executions and allocations.

Further, an ordinary practitioner of the art at the time of Applicant's invention would have seen it as obvious to have used the disclosures of Cristofich and AAPA to provide a method for automatically processing a securities order on a securities exchange as discussed in the rejection of claim 12 above. Further AAPA discloses market orders (with sell and buy order implicit). Therefore, it would have been obvious to an ordinary practitioner of the art at the time of Applicant's invention would have seen it as obvious to have used the disclosures of Cristofich, AAPA, Lupien and Braddock to provide a method for automatically processing a securities order on a securities exchange, including market buy or sell orders, motivated by a desire to provide a data processing method and system for managing individual accounts directed to the transacting of securities transactions with pre-established criteria (Cristofich, Col. 2, II. 29-33).

Art Unit: 3695

**Re. Claims 42, 52 & 53,** please see the rejection of claims 12, 20-22 regarding the rejection of limitations related to the assignment of allocation options to book only, round lots, and related automatic executions and allocations.

However, an ordinary practitioner of the art at the time of Applicant's invention would have seen it as obvious to have used the disclosures of Cristofich and AAPA to provide a method for automatically executing and processing a securities order on a securities exchange as discussed in the rejection of claim 12 above, and to see an implicit comparing step involved in validating an order for automatic execution. Also, Glassman discloses the fiduciary responsibilities of securities brokers. Further, AAPA discloses limit orders and market orders (with sell and buy orders implicit). It would have been obvious to change the status of an order from automatic execution to regular execution if the price of the order is not equal to or better than the quote since normally a brokerage firm is in business to make a profit. Disregarding the subject of commissions charged for trades, a buy order in this instance set for automatic execution which is not equal to or better than a quote would produce a loss for the brokerage firm, thus forcing the order to be changed from automatic to regular execution. Regular execution in the trading of securities means seeking counter parties who are willing to accept this buy order at the offered buy price. Such a fixed buy price is otherwise called a limit buy order, since it is not a market buy order which will pay any price offered by a seller during the customer authorized time period of the market buy order. Therefore, it would have been obvious to an ordinary practitioner of the art at the time of Applicant's invention to have seen it as obvious to have used the disclosures of Cristofich, AAPA, Lupien and Braddock to provide a method for automatically processing a securities order on a securities exchange, including changing the status of the order from automatic execution to regular execution if the price of the order is not equal to or better than the quote, motivated by a desire to provide a data processing method and system for managing individual accounts directed to the transacting of securities transactions with pre-established criteria (Cristofich, Col. 2, ll. 29-33).

**Re. Claim 46,** Cristofich discloses sending an execution report for the order (Col. 10, ll. 15-17).

**Re. Claims 47 and 48,** Cristofich does not explicitly disclose:

**Re. Claim 47,** at least partially fulfilling the order from a display book order.

**Re. Claim 48,** comprising at least partially fulfilling the order with an order from an auction market crowd.

**However:**

**Re. Claim 47,** (please see the rejection of claim 17).

**Re. Claim 48,** AAPA discloses at least partially fulfilling the order with an order from an auction market crowd (page 1, ll. 16-24).

Therefore, it would have been obvious to an ordinary practitioner of the art at the time of Applicant's invention to have seen it as obvious to have used the disclosures of Cristofich, AAPA, Lupien and Braddock to provide a method for automatically processing a securities order on a securities exchange, including exposing the order to an auction market crowd for possible price improvement, executing the order on an auction market of the securities exchange, at least partially fulfilling the order from a display book order and at least partially fulfilling the order with an order from an auction market crowd, motivated by a desire to provide a data processing method and system for managing individual accounts directed to the transacting of securities transactions with pre-established criteria (Cristofich, Col. 2, ll. 29-33).

**Re. Claim 54,** please see the rejection of claims 12, 20-22 regarding the rejection of limitations related to the assignment of allocation options to book only, round lots, and related automatic executions and allocations.

Further, an ordinary practitioner of the art at the time of Applicant's invention would have seen it as obvious to have used the disclosures of Cristofich and AAPA to provide a method for automatically processing and executing a securities order on a securities exchange as discussed in the rejection of claims 12 and 42 above, and to see an implicit comparing step involved in validating an order for automatic execution. Further, AAPA discloses limit orders and market orders (with sell and buy orders implicit). It would have been obvious to change the status of an order from automatic execution to regular execution if the respective interest in the security does not meet the size of the security being offered, since no exact matching counter party offer is available for

Art Unit: 3695

automatic execution. Some examples of this condition will exist if the respective interest is for a smaller quantity or an interest has made itself known for a larger quantity which is unwilling to buy a partial quantity. The ordinary practitioner would have seen it as obvious that the order had to be changed from automatic to regular execution.

Therefore, it would have been obvious to an ordinary practitioner of the art at the time of Applicant's invention to have seen it as obvious to have used the disclosures of Cristofich, AAPA, Lupien and Braddock to provide a method for converting automatic processing of a securities order to regular processing on a securities exchange, motivated by a desire to provide a data processing method and system for managing individual accounts directed to the transacting of securities transactions with pre-established criteria (Cristofich, Col. 2, ll. 29-33).

**Re. Claim 55**, please see the rejections of claims 12 and 42 above.

**Re. Claims 56 & 57**, please see the rejections of claims 13 and 14 above.

**Re. Claims 93 & 94**,

93. wherein automatically executing the securities order further comprises: executing at least a portion of the securities order up to a size of the best bid to buy or best offer to sell as reflected in the published quote for the security.

94. wherein automatically executing the securities order further comprises: executing all of the securities order.

The ordinary practitioner of the art would have seen it as obvious from the disclosure of Cristofich and his own knowledge of the exchange based securities trading rules and practices and his fiduciary responsibilities, to execute at least a portion of a securities order up to a size of the best bid to buy or best offer to sell as reflected in the published quote for the security, or to execute all of a securities order, in both cases depending on the guidelines of the order and corresponding market conditions. Therefore, it would have been obvious to an ordinary practitioner of the art at the time of Applicant's invention to have seen it as obvious to have used the disclosures of Cristofich, AAPA, Lupien and Braddock to provide a method for converting automatic processing of a securities order to regular processing on a securities exchange, motivated by a desire to provide a data processing method and system for managing individual accounts

directed to the transacting of securities transactions with pre-established criteria (Cristofich, Col. 2, ll. 29-33).

**6. Claims 43 & 49 are rejected** under 35 U.S.C. 103(a) as being unpatentable over Cristofich, AAPA, Lupien and Braddock as applied to claim 42 above, and further in view of Madoff et al. (US PreGrant Publication 2001/0044767 A1, hereafter Madoff).

**Re. Claims 43 & 49**, none of Cristofich, AAPA, Lupien or Braddock explicitly disclose wherein:

**Re. Claim 43**, the securities order further includes a size, changing the status of at least a portion of the order from automatic execution to regular execution if the size is greater than the interest.

**Re. Claim 49**, the quote includes a best bid price for the security, the securities order is a sell order and the price of the order is greater than the best bid price. However, Madoff discloses that auctioning of financial products "involves entering order for products with price, quantity and exposure time is matched with response in accordance with the order's exposure time" (Abstract, ll. 4-7).

**Re. claim 43**, it would have been obvious to an ordinary practitioner that an order received for automatic execution must receive an offer for the same or lower price, the same or lower quantity, and must be received within the time specified unless it is an open order until it is filled.

**Re. claim 49**, the ordinary practitioner would have seen it as obvious that a sell order priced above the best bid price could not be processed for automatic execution because it would have to go to the market similar to the buy order in claim 43 above which is priced under the market.

**Therefore, re. Claims 43 & 49**, an ordinary practitioner of the art at the time of Applicant's invention would have seen it as obvious to have used the disclosures of Cristofich, AAPA, Lupien, Braddock and Madoff to provide a method for automatically processing a securities order on a securities exchange, including the step of changing the status of at least a portion of the order from automatic execution to regular execution if the size is greater than the interest, or a sell order has a price which is

Art Unit: 3695

greater than the best bid price, motivated by a desire to provide an automated auction system for trading products such as equity securities (Madoff, p. 1, [0001]).

**7. Claim 50 is rejected** under 35 U.S.C. 103(a) as being unpatentable over Cristofich, AAPA, Lupien and Braddock as applied to claim 42 above, and further in view of Wilton et al. (US Patent 6,519,574 B1, hereafter Wilton).

**Re. Claim 50**, none of Cristofich, AAPA, Lupien or Braddock explicitly disclose the exact wording of a quote includes a best offer price for the security, the securities order is a buy order and the price of the order is less than the best offer price. However, Wilton discloses a quote includes a best offer price for the security, the securities order is a buy order and the price of the order is less than the best offer price (Col. 10, ll. 7-17).

Therefore, an ordinary practitioner of the art at the time of Applicant's invention would have seen it as obvious to have used the disclosures of Cristofich, AAPA, Lupien, Braddock and Wilton to provide a quote includes a best offer price for the security, the securities order is a buy order and the price of the order is less than the best offer price, including the step of identifying at least one particular contra side for the order after automatically executing the order, motivated by a desire to provide trading data which includes bid and/or offer information input by the trading entity and displaying such data to the trading entity for the purpose of detecting trading opportunities According to various trading parameters established by the trader (Wilton, Abstract – ll. 1-14).

**8. Claims 87-89 are rejected** under 35 U.S.C. 103(a) as being unpatentable over Cristofich in view of AAPA, Lupien and Hasbrouck, Sofianos and Sosebee (New York Stock Exchange Systems and Trading Procedures, NYSE Working Paper #93-01, Draft 1.2 April 27, 1993, hereafter Hasbrouck).

**Re. Claim 87**, please see the rejection of claim 12 regarding:

- assigning an execution allocation option to a security, wherein the execution allocation option is one of three options selected from the group consisting of allocate execution to crowd only, allocate execution to book only, or allocate a

percentage of execution to crowd and allocate a percentage of execution to book;

- automatically receiving the round-lot securities order for the security, after assigning the execution allocation option;
- automatically determining whether the securities order is identified for automatic execution;
- exposing the securities order to the auction market crowd for possible price improvement if the securities order is not identified for automatic execution;
- automatically determining the assigned execution allocation option; and

after automatically executing the order automatically allocating shares of the automatic execution among contra parties according to the assigned execution allocation option.

The rejection of claim 12 does not explicitly deal with

- automatically executing the securities order transaction against a published quote if the securities order is identified for automatic execution;
- automatically updating the published quote based on the order if the securities order was automatically executed against the published quote;

However, Hasbrouck discloses published quotes (page 13, l. 13). Therefore, an ordinary practitioner of the art at the time of Applicant's invention would have seen it as obvious to have combined the disclosures of Cristofich, AAPA, Lupien, Braddock and Hasbrouck in order to provide a method for automatically processing a securities order on a securities exchange with an auction market crowd, motivated by a desire to provide a data processing method and system for managing individual accounts directed to the transacting of securities transactions with pre-established criteria (Cristofich, Col. 2, ll. 29-33).

**Re. Claims 88 & 89,** it is implicit in exchange procedures that a size of the published quote after updating reflects a size of the order or wherein a size of the published quote after updating represents a minimum quote size, but does not necessarily reflect a size of the transaction.

***Response to Arguments***

9. Applicant's arguments filed April 20, 2009 regarding claims 12-15, 17-19, 21-24, 42, 43, 46-50, 52-57, 87-89, 93 and 94 have been fully considered but they are moot in view of the new ground(s) of rejection.

***Conclusion***

10. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

Any inquiry concerning this communication or earlier communications from the Examiner should be directed to Siegfried Chencinski whose telephone number is (571)272-6792. The Examiner can normally be reached Monday through Friday, 9am to 6pm.

If attempts to reach the Examiner by telephone are unsuccessful, the Examiner's supervisor, Charles Kyle, can be reached on (571) 272-6746.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

Any response to this action should be mailed to:

Art Unit: 3695

*Commissioner of Patents and Trademarks, Washington D.C. 20231*

or (571)273-8300 [Official communications; including After Final  
communications labeled "Box AF"]

or (571) 273-6792[Informal/Draft communications, labeled "PROPOSED  
DRAFT"]

Hand delivered responses should be brought to the address found on the above  
USPTO web site in Alexandria, VA.

SEC

Art Unit 3695  
January 16, 2010

/Narayanswamy Subramanian/  
Primary Examiner, Art Unit 3695